

# Instructions for Michigan Form No. 5572

## Local Government Retirement System Annual Report (Form No. 5572)

### GENERAL INFORMATION

#### A. Report

This report must be filed for any local unit of government that offers a retirement pension benefit plan and/or a retirement health benefit plan. A “retirement pension benefit plan” means an allowance, right, accrued right, or other pension benefit payable under a defined benefit pension plan to a participant in the plan or a beneficiary of the participant. Defined contribution plans, such as a 401(k) or 403(b) plan, do not need to be reported.

As used in this document, a “retirement health benefit plan” means other postemployment benefits (OPEB) such as an annuity, allowance, payment, or contribution to, for, or on behalf of a former employee or a dependent of a former employee to pay for medical, dental, hearing, vision, healthcare premiums, or premiums for life, disability, long-term care, or similar welfare benefits for a former employee.

As used in this document, a “retirement system” means a retirement system, trust, plan, or reserve fund that a local unit of government establishes, maintains, or participates in and that, by its express terms or as a result of surrounding circumstances, provides retirement pension benefits or retirement health benefits, or both.

Biennial filers who do not have a 2017 audit due with the Department of Treasury (Treasury) are required to file this report using information from the last audit on record.

Discretely presented component unit (e.g. DDA, LDFA, etc.) information should not be presented with the primary government information and should be reported separately. Blended component units should be reported as part of the local unit. As used in this document, “primary government” or “primary unit” means a city, village, township, or county. A non-primary unit includes a district, authority, commission, or a public body created by a primary unit of government or a combination of primary units of government.

#### NOTE:

- DO NOT alter the official report being provided. Altered reports will not be considered an acceptable submission.
- DO NOT place more than one amount in a box.
- DO NOT submit a scanned image or PDF.
- If applicable, complete both the “Pension Report” tab and the “Health Care (OPEB) Report” tab before submitting.

#### B. Filing

This report must be submitted electronically. Return the

original Excel file. Chief Administrative Officers, or their designee, should send a single email to [LocalRetirementReporting@michigan.gov](mailto:LocalRetirementReporting@michigan.gov) and attach the completed report. The subject line of the email should be in the following format: **Retirement System Annual Report-2017, Local Unit** (e.g. Retirement System Annual Report-2017, City of Lansing). Treasury will send a reply acknowledging receipt of the email.

The local unit of government shall also electronically submit the report to the governing body (e.g. Board/Council) of the local unit of government. formal vote of approval or governing body resolution is not required for this report.

#### C. Due Date

For local units of government with fiscal years ending on or before June 30, 2017, and for biennial filers, this report is due by January 31, 2018. For local units of government with fiscal years ending after June 30, 2017, this report is due no later than six months after the end of your fiscal year.

Failure to file may result in the determination of underfunded status.

#### D. Public Inspection

Once available, this report must also be posted to the local unit’s website, or in a public place if the local unit does not have a website.

#### E. Source(s) of Information

This report will be completed utilizing information from audit reports, actuarial reports, and accounting records.

### REPORT INSTRUCTIONS

#### F. Local Unit Identification

- Local unit name: Enter the name of the local unit filing.
- Municode: Enter your six-digit municipal code. **Note:** You can find your local municode by visiting the Treasury website at the following link: [Local Unit Muncodes](#)
- Fiscal Year-End: If other than 2017 (biennial filers), enter the four-digit year of the last audit report.
- Contact name: Enter the contact name of your Chief Administrative Officer.
- Contact title: Enter the title of your contact.
- Contact email: Enter the contact email address of your Chief Administrative Officer.
- Contact telephone number. Enter the contact telephone number of your Chief Administrative Officer.

#### G. Pension Report

**Source: Most Recent Actuarial Valuation Report**

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- Line 1: Enter the name of the system. If there are multiple systems, enter each system in a separate column within the report. Separate systems must not be combined. For example, Police and Fire, Public Safety, and General Employees would each be entered into separate columns. However, if your pension system is separated by divisions, you would only enter one system.

### **Source: Most Recent Audited Report**

- Line 2: Enter the retirement pension system's assets (plan fiduciary net position ending).
- Line 3: Enter the retirement pension system's liabilities (total pension liability ending).
- Line 4: Enter the plan year ending date from the audited financial statements. This can be found in the notes to the financial statements or the required supplemental information and could be different than the audit year ending date. For example, an audit with a year ending December 31, 2017 could have a plan year ending June 30, 2017 or even December 31, 2016. Use the 12/31/2016 format when entering the data.
- Line 5: Enter the actuarial determined contribution (ADC).
- Line 6: Enter Governmental Fund Revenues. This should include revenues from the General, Special Revenue, Capital Projects, Debt Service, and Permanent funds. Revenues must be reported on the modified accrual basis from the fund-based statements and not the government-wide based statements. All other financing sources including, but not limited to, interfund transfers, bond proceeds, and sale of capital assets, must not be included in the calculation of revenues.

Special purpose governments, business-type non-primary local units, and discretely presented component units must include all operating, non-operating and capital contributions in the calculation of revenues regardless of fund type.

For local units of government with multiple retirement systems, enter the same Governmental Fund Revenue amount in each column.

- Line 7: Pension Trigger Summary: Information below the summary section is for viewing only and is calculated automatically from above lines. Do not attempt to fill in data.
- Line 8: The third digit of the municode represents the type of local unit.
- Line 9: Funded ratio based on the ratio of assets (plan fiduciary net position) to total pension liability on a plan-year basis.
- Line 10: Ratio of ADC to governmental fund revenues. If a local unit of government has multiple plans, all ADC amounts are added together to

calculate the ratio to governmental fund revenues.

- Line 11: Based on information provided by the local unit, determines if the plan triggers underfunded status as defined by Public Act 202 of 2017.

## **H. Retiree Health Care Report**

### **Source: Most Recent Actuarial Valuation Report**

- Line 1: Enter the name of the OPEB system. If there are multiple systems, enter each system in a separate column within the form. Separate systems must not be combined. For example, Police and Fire, Public Safety, and General Employees would each be entered into separate columns. However, if your OPEB system is separated by division, you would only enter one system.

### **Source: Most Recent Audit Report**

- Line 2: Enter the system's actuarial value of assets.
- Line 3: Enter the system's actuarial accrued liabilities.
- Line 4: Enter the plan year ending date from the audited financial statements. This can be found in the notes to the financial statements or the required supplemental information and could be different than the audit year ending date. For example, an audit with a year ending December 31, 2017 could have a plan year ending June 30, 2017 or even December 31, 2016. Use the 12/31/2016 format when entering the data.
- Line 5: Enter the annual required contribution (ARC)
- Line 6: Governmental Fund Revenues. This should include revenues from the General, Special Revenue, Capital Projects, Debt Service, and Permanent funds. Revenues must be reported on the modified accrual basis from the fund-based statements and not the government-wide based statements. All other financing sources including, but not limited to, interfund transfers, bond proceeds, and sale of capital assets, must not be included in the calculation of revenues.

Special purpose governments, business-type non-primary local units, and discretely presented component units must include all operating, non-operating and capital contributions in the calculation of revenues regardless of fund type.

For local units of government with multiple retirement systems, enter the same Governmental Fund Revenue amount in each column.

- Line 7: Health Care Trigger Summary: Information in lines 8-10 are for viewing only and is calculated automatically from above lines. Do not attempt to fill in data.
- Line 8: The third digit of the municode represents the type of local unit.
- Line 9: Funded ratio based on the ratio of actuarial value of assets to actuarial accrued liabilities on a plan-year basis.
- Line 10: Ratio of ARC to governmental fund revenues. If a local unit of government has multiple plans, all ARC

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amounts are added together to calculate the ratio to governmental fund revenues.

### **Source: Local Unit of Government Accounting Records**

- Line 11: Indicate if the local unit made all required retiree insurance premiums for the year.
- Line 12: Indicate if the local unit set aside funds equal to the normal cost for new employees hired before June 30, 2018. Funds set aside should be placed into a qualified trust or restricted account for future benefit payments. If the retirement system does not have any new employees hired after June 30, 2018, please enter N/A.

Normal cost represents the annual service cost of retirement health benefits as they are earned during active employment of employees of the local unit of government in the applicable fiscal year, using an individual entry-age normal and level pay actuarial cost method.

- Line 13: Based on information provided by the local unit, determines if the plan triggers underfunded status as defined by Public Act 202 of 2017.